



Company No. 200001004231 (506836-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023**

ENCORP BERHAD

Company No. 200001004231(506836-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER 30 JUNE 2023**

	Quarter ended		Period-to-date ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue	52,738	27,064	74,135	71,193
Cost of sales	(28,745)	(9,651)	(34,248)	(26,533)
Gross profit	23,993	17,413	39,887	44,660
Other income	1,861	1,040	3,573	1,993
Selling and marketing expenses	(261)	(1,160)	(869)	(1,345)
Administrative expenses	(3,288)	(7,558)	(9,584)	(9,652)
Finance costs	(14,529)	(16,367)	(28,894)	(32,518)
Other expenses	(565)	(579)	(1,165)	(1,170)
Profit/(Loss) before tax	7,211	(7,211)	2,948	1,968
Income tax	(2,601)	(487)	(3,281)	(5,425)
Profit/(Loss) net of tax	4,610	(7,698)	(333)	(3,457)
Other comprehensive income:				
Item that may be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operation	(1,601)	1,304	(1,132)	(177)
Item that will not reclassified to profit or loss in subsequent periods (net of tax):				
Gain on revaluation of office properties	5,869	-	5,869	-
Total comprehensive profit/(loss) for the period	8,879	(6,394)	4,405	(3,634)
Profit/(Loss) attributable to:				
Owners of the parent	4,745	(7,192)	457	(4,119)
Non-controlling interest	(135)	(506)	(790)	662
	4,610	(7,698)	(333)	(3,457)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent	9,014	(5,888)	5,195	(4,296)
Non-controlling interest	(135)	(506)	(790)	662
	8,879	(6,394)	4,405	(3,634)
Earnings/(Loss) per share attributable to owner of the parent (sen)				
Basic	1.50	(2.27)	0.14	(1.30)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Company No. 200001004231(506836-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Assets		
Non-current assets		
Property, plant and equipment	3,921	5,523
Right-of-use assets	14,625	15,585
Intangible assets	132	152
Investment properties	299,554	291,780
Land held for property development	26,849	26,590
Trade and other receivables	411,163	457,023
Deferred tax assets	4,294	2,040
	<u>760,538</u>	<u>798,693</u>
Current assets		
Property development costs	34,646	31,681
Inventories	76,987	78,553
Contract assets	7,131	7,558
Tax recoverable	846	1,242
Trade and other receivables	140,037	107,011
Other current assets	701	398
Other investments	121,767	139,680
Cash and cash equivalents	34,991	36,070
	<u>417,106</u>	<u>402,193</u>
Total assets	<u>1,177,644</u>	<u>1,200,886</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (contd.)**

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Equity and liabilities		
Current liabilities		
Trade and other payables	73,170	69,540
Other current liabilities	3,823	3,823
Contract liabilities	3,923	3,923
Loans and borrowings	142,663	137,318
Income tax payable	-	906
	<u>223,579</u>	<u>215,510</u>
Non-current liabilities		
Trade and other payables	33,124	30,867
Loans and borrowings	487,667	526,524
Deferred tax liabilities	5,826	4,942
	<u>526,617</u>	<u>562,333</u>
Total liabilities	<u>750,196</u>	<u>777,843</u>
Equity attributable to owners of parent		
Share capital	399,016	399,016
Treasury shares	(327)	(327)
Other reserves	28,627	23,889
Accumulated Loss	(88,185)	(88,642)
	<u>339,132</u>	<u>333,936</u>
Non-controlling interest	88,317	89,107
Total equity	<u>427,448</u>	<u>423,043</u>
Total equity and liabilities	<u>1,177,644</u>	<u>1,200,886</u>
Net assets per share attributable to owner of the parents (RM/share)	<u>1.07</u>	<u>1.06</u>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2023**

	← Non-distributable →						
	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Accumulated Loss RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2023	399,016	(327)	23,889	(88,642)	333,936	89,107	423,043
Loss for the period	-	-	-	457	457	(790)	(333)
Other comprehensive income	-	-	4,738	-	4,738	-	4,738
Total comprehensive income/(loss) for the period	-	-	4,738	457	5,195	(790)	4,405
At 30 June 2023	399,016	(327)	28,627	(88,185)	339,131	88,317	427,448
At 1 January 2022	399,016	(327)	23,561	(68,501)	353,749	87,095	440,844
Profit for the period	-	-	-	(4,119)	(4,119)	662	(3,457)
Other comprehensive loss	-	-	(177)	-	(177)	-	(177)
Total comprehensive (loss)/profit for the period	-	-	(177)	(4,119)	(4,296)	662	(3,634)
At 30 June 2022	399,016	(327)	23,384	(72,620)	349,453	87,757	437,210

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2023**

	Period ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	2,948	1,968
<u>Adjustments:</u>		
Depreciation	1,165	1,160
Amortisation of intangible assets	20	10
Interest expenses	28,894	32,518
Gain on money market investment security	(2,448)	(1,220)
Distribution income from money market investment security	(108)	(66)
Interest income	(267)	(127)
Deposit forfeited income	-	(1)
Unrealised gain on forex	(1,605)	(242)
Operating profit before working capital changes	<u>28,599</u>	<u>34,000</u>
<u>Changes in working capital:</u>		
Changes in land held for property development and property development cost	(3,224)	3,591
Inventories	1,566	1,553
Trade and other receivables	14,439	39,354
Contract assets and contract liabilities	427	17,551
Other current assets	(303)	265
Trade and other payables	9,481	397
Cash generated from operations	<u>50,985</u>	<u>96,711</u>
Tax paid	(1,793)	(2,405)
Interest paid	(3,791)	(1,877)
Net cash generated from operating activities	<u>45,401</u>	<u>92,429</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)**

	Period ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash flows from investing activities		
Interest received	267	127
Acquisition of property, plant and equipment	(455)	(712)
Acquisition of intangible assets	-	(88)
Additions on investment properties	(24)	(76)
Distribution income received	-	66
Withdrawal/(Placement) of investment security	20,469	(16,211)
Net cashflow used in investing activities	<u>20,257</u>	<u>(16,894)</u>
Cash flows from financing activities		
Net borrowing of loans & borrowing	2,139	(15,275)
Repayment of Sukuk Murabahah	(66,439)	(69,159)
Withdrawal of deposits	1,895	22
Net payment in finance lease payables	(1,305)	(1,240)
Net cashflow generated from/(used in) financing activities	<u>(63,710)</u>	<u>(85,652)</u>
Net (decrease)/increase in cash and cash equivalents	1,948	(10,117)
Effect of exchange rate changes	(1,132)	(133)
Cash and cash equivalents at beginning of period	33,254	42,158
Cash and cash equivalents at end of period	<u>34,070</u>	<u>31,908</u>
Cash and cash equivalents comprise the followings:		
Cash deposits placed with:		
- Licensed banks	887	2,738
- Licensed corporation	34	33
Cash and bank balances	<u>34,070</u>	<u>31,908</u>
	34,991	34,679
Less: Bank balances and deposits pledged	<u>(921)</u>	<u>(2,771)</u>
Cash and cash equivalents at end of period	<u>34,070</u>	<u>31,908</u>

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of preparation**

This condensed consolidated interim financial statements (“Condensed Report”) has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting, paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act 2016 in Malaysia.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

A2. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the Condensed Report are consistent with those used in preparing the audited financial statements for the year ended 31 December 2022, except for the following new MFRSs, Amendments to MFRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2023. The adoption of the following amendments to MFRS and IC Interpretations does not have significant impact to the unaudited condensed financial statements.

a) Amendments to MFRSs effective for the financial periods beginning on or after 1 January 2022

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A2. Summary of significant accounting policies (contd.)****b) MFRSs and Amendments to MFRSs but not yet effective**

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10 and MFRS 128 – Consolidated financial statements and Investment in Associates and joint venture	Deferred

A3. Auditors' Report on Preceding Annual Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2022 were not subject to any qualification.

A4. Comments about seasonal or cyclical factors

The Group's performance is not affected by any seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

There were no unusual items for the financial year 30 June 2023.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A6. Debt and equity securities**

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the quarter ended except for the following:

a) Treasury shares

As at 30 June 2023, the total number of treasury shares held was 386,000.

b) Sukuk Murabahah

The next principal and profit payment amounting to RM65.9 million is scheduled in November 2023.

The Sukuk Murabahah was issued in May 2012 by a subsidiary company, Encorp Systembilt Sdn Bhd ('ESSB') to refinance the entire amount outstanding under Al-Bai' Bithaman Ajil Notes and to fund the Trustee' Reimbursement Account.

The Sukuk Murabahah is secured by the assignment of the contract Concession Payments, a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary and a first ranking charge and assignment of the designated accounts which include an Escrow Account and a Finance Service Reserve Account. ESSB is a special purpose vehicle and these Sukuk Murabahah raised do not have any financial recourse to the Group.

A7. Dividend paid

No dividend was paid during the quarter ended 30 June 2023.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A8. Segmental information**

The Group's segment revenue and results are presented by industry segments for the year ended 30 June 2023 as follows: -

	Investment holding RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others* RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Revenue								
External customers	-	26,298	42,419	2,927	-	2,492	-	74,135
Inter-segment	3,274	-	-	376	-	3,070	(6,720)	-
Total Revenue	3,274	26,298	42,419	3,302	-	5,562	(6,720)	74,135
Results:								
Segment results	(7,333)	25,436	9,077	(2,442)	(367)	(171)	5,983	30,184
Interest income	1,401	2,511	5,243	2	-	2	(6,336)	2,823
Interest expense	(1,123)	(25,978)	(3,149)	(4,968)	(8)	(3)	6,336	(28,894)
Depreciation and amortisation	(974)	(1)	(37)	(117)	-	(1)	(34)	(1,165)
(Loss)/Profit before tax	(8,029)	1,968	11,133	(7,525)	(375)	(173)	5,950	2,948

* This segment represents Trading, Food and Beverage and Facility Management divisions.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 (contd.)****A9. Material events subsequent to the balance sheet date**

There was no material events subsequent to the financial year ended 30 June 2023 up to the date of this report.

A10. Changes in the composition of the Group

There is no material change in the composition of the Group for the financial year ended 30 June 2023 up to the date of this report.

A11. Changes in contingent liabilities

	30.06.2023	30.06.2022
	RM'000	RM'000
Contingent liabilities:		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	9,128	8,975
	<u>9,128</u>	<u>8,975</u>

A12. Capital commitments

There were no capital commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at the end of the financial year.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA****B1. Performance review****a) Performance of the current quarter against the preceding year corresponding quarter
(Q2-2023 vs. Q2-2022)**

The Group's revenue in the current quarter amounted to RM52.7 million, marking an increase by 95% compared to the same quarter of the previous year. As a result of this substantial growth, the profit before tax saw a significant increase of RM14.4 million, leading the Group to achieve a profit before tax of RM7.2 million in the current quarter. This starkly contrasts with the previous year's corresponding quarter, where the Group had incurred a loss before tax of RM7.2 million.

The improved profit before tax mainly contributed from RM1.6 million from foreign exchange gains, compared to a loss of RM1.8 million in the corresponding quarter of the previous year. The exchange gain resulted from receivables denominated in Australian dollars.

Property Development

The Group's property development segment generated a total revenue of RM35.8 million in Q2-2023, representing a significant 231% increase compared to the total revenue of RM10.8 million in previous year corresponding quarter.

The improved market conditions and the implementation of sustainable green building practices in Encorp Cahaya Alam attracted environmentally-conscious buyers, resulting in higher revenue. Additionally, the launch of a new phase in Cahaya Alam led to the sale of 36 units of Iris, generating a revenue of RM17.2 million in Q2-2023.

The segment recorded a profit before tax of RM11.1 million in the current quarter, showing a 93% increase compared to the same quarter in 2022. This growth is attributed to the development progress of the Lily and Iris phases in Cahaya Alam.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B1. Performance review (contd.)****a) Performance of the current quarter against the preceding year corresponding quarter
(Q2-2023 vs. Q2-2022) (contd.)****Investment Property**

The investment property segment recorded a revenue of RM1.6 million in Q2-2023, showing a marginal improvement of RM0.1 million compared to Q2-2022. This revenue growth was driven by an increase in the occupancy rates of both Strand Mall and Warna Avenue, which rose by 17% and 33% respectively, resulting in the current occupancy rates reaching 72% and 75%.

Despite a relatively stable revenue achieved in Q2-2023, the segment posted a higher loss before tax of RM7.5 million in Q2-2023, representing an increase of RM0.3 million compared to the loss before tax of RM7.2 million in Q2-2022 as a result of higher repair and maintenance cost associated with the investment properties.

The management is continuing its marketing efforts on all media platforms to boost leasing activities. In addition to incorporating technology, such as cashless parking, the management employs measures to keep costs low while retaining good tenants and attracting new ones.

Concessionaire

The concession segment recorded a revenue of RM12.9 million in Q2-2023 as compared to RM14.9 million in Q2-2022.

Pursuant to the Privatisation Agreement, the concession income is payable by the Government following the completion and handover of each cluster of the teachers' quarters up to the end of the concession period.

Accordingly, the Group is compensated with deferred payment income from the concession and it is recognised as revenue.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B2. Comparison with Immediate Preceding Quarter**

The Group's revenue for the current quarter of RM52.7 million was 146% higher than the preceding quarter. The property development segment's strong performance in the current quarter is attributable to higher development progress recognised and robust property sales for the Iris phase in Cahaya Alam.

As the economy shows signs of recovery, the Group recorded development progress of 22% for the Lily phase and 50% for the Iris phase in Cahaya Alam, which was higher than the preceding quarter where the progress was 6% for the Lily phase and 0% for Iris phase.

In Q2-2023, The Group recorded a quarterly profit before tax of RM7.2 million, marking a remarkable 50% improvement compared to the loss before tax of RM4.2 million. This positive financial progress is indicative of the ongoing economic rebound and reflects the favourable market conditions in the property development sector.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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LISTING REQUIREMENTS OF BURSA (contd.)****B3. Commentary on prospects**

Malaysia's economic growth demonstrated resilience in the first quarter of 2023, expanding by 5.6%. Looking ahead, Bank Negara Malaysia (BNM) foresees a moderated yet steady expansion of the economy in 2023, projected within the range of 4.0% to 5.0%. This outlook is shaped by the challenges posed by the challenging external economic landscape. BNM implemented a 25 basis points increase in the Overnight Policy Rate (OPR), raising it to 3% on May 3, 2023. It is anticipated that the OPR will continue to normalize, settling within the pre-pandemic range of 3% to 3.25% for the remainder of the year.

Amidst robust demand for landed properties within Cahaya Alam, our company is strategically advancing its offerings. The introduction of phase Iris in the second quarter of 2023 and phase Tilia in the latter half of the year stand testament to our commitment to meeting market demands. Additionally, in alignment with the Malaysian government's drive to enhance affordable housing and elevate homeownership among low-income groups, we are excited to unveil the Lamanda Chuping project in Perlis. This development encompasses both medium-cost and low-cost housing, aligning our objectives with the nation's aspirations.

Encorp Strand Mall and Warna Avenue have witnessed a notable upswing in retail segment occupancy rates. This resurgence is attributed to the successful execution of our dynamic marketing strategies, synergizing with the overall positive trajectory of economic recovery. Capitalizing on this trend, we anticipate a surge in the utilization of event spaces within the mall, paralleling the resurgence of economic activities.

To augment foot traffic and elevate the allure of our establishments, we are intensifying our marketing initiatives and expanding our event repertoire. Our commitment extends to enhancing tenant attraction and amplifying the mall's occupancy rate through proactive leasing activities. This holistic approach reinforces our dedication to fostering vibrant, thriving spaces that cater to both the needs of our clientele and the evolving economic landscape.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B4. Variance from forecast profit and profit guarantee**

Not applicable.

B5. Income tax

	30.06.2023	Quarter ended 30.06.2022	Period-to-date ended 30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	(4,223)	(398)	(4,651)	(5,063)
Deferred tax	1,622	(89)	1,370	(362)
	<u>(2,601)</u>	<u>(487)</u>	<u>(3,281)</u>	<u>(5,425)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

B6. Disposal of unquoted investments, assets and properties

There were no disposal of unquoted investments and/or properties for the financial year ended 30 June 2023.

B7. Purchase or disposal of quoted securities

There were no purchase or disposal of quoted securities for the financial year ended 30 June 2023.

B8. Status of corporate proposals

There was no corporate proposal announced but not completed as at 30 August 2023.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B9. Borrowings and debt securities**

	As at 30.06.2023	
	Current RM'000	Non-current RM'000
Secured		
Sukuk Murabahah	79,936	453,710
Term loan	18,501	17,665
Revolving credit	42,700	-
Lease liabilities	1,526	16,292
	<u>142,663</u>	<u>487,667</u>

B10. Changes in material litigation**(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd**

Must Ehsan Development Sdn Bhd ('MEDSB') has on 5th July 2018, served a Notice to Arbitrate dated 4th July 2018 on Bumimetro Construction Sdn Bhd ('BCSB') to refer MEDSB's claims on liquidated damages for delay to complete the Project and for classic penalty against BCSB to arbitration, pursuant to the provisions of the Conditions of Contract.

MEDSB is the employer who has awarded BCSB, the main contractor for main building works construction project known as "Cadangan Satu Blok Pembangunan Bercampur (Fasa 4) Yang Mengandungi:- 1) 1 Tingkat Basement, 2) 3 Tingkat Pusat Membeli-Belah, 3) 5 Tingkat Tempat Letak Kereta, 4) 1 Tingkat Pusat Kemudahan Awam, 5) 34 Tingkat Pangsapuri Servis Di Atas Lot PB1, Pusat Bandar 1, Kota Damansara, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan".

The arbitration proceeding is commenced against BCSB to seek, among others, the following relief:

- RM24,630,000.00 for liquidated damages;
- RM2,320,346.77 for increased cost incurred for appointment of 3rd party contractors;
- RM3,000,000.00 for classic penalty;
- General Damages;
- Interest;
- Costs; and
- Any further and other reliefs the Tribunal may deem appropriate.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B11. Changes in material litigation (contd.)****(a) Must Ehsan Development Sdn Bhd and Bumimetro Construction Sdn Bhd (contd.)**

Bumimetro has counterclaimed against MEDSB, among others, the sum of RM12,534,461.52 certified claims, RM6,810,054.96 being the uncertified progress claim, the sum of RM5,879,769.83 being the release of the 2nd moiety of the retention sum and general damages.

Pending the outcome of the arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial impact that could arise from the arbitration. The arbitration however should not have any material financial impact to the Encorp Group for the financial year ending 30 June 2023.

None of the directors and/or major shareholders of Encorp and/or persons connected with them has any interest, direct or indirect in the arbitration proceeding.

Details of the project, statement of claim and the development of the case can be found in the announcement dated 11th April 2018, 7th May 2018, 27th June 2018 and 6th July 2018.

(b) Encorp Iskandar Development Sdn Bhd and Konsortium Ipmines Merz Sdn Bhd

Encorp Iskandar Development Sdn Bhd ("EIDSB") has on 6th November 2019, served a Notice of Arbitration dated 6th November 2019 on Konsortium Ipmines Merz Sdn Bhd ("KIMSB") to refer EIDSB's claims on liquidated damages for delay to complete the Project to arbitration, pursuant to the provisions of the Conditions of Contract.

EIDSB is the employer who has awarded KIMSB, the main contractor for building works construction project known as "Cadangan Pembangunan Pangsapuri Servis (571 unit) Dan Ruang Niaga Yang Mengandungi: A) i) 1 Blok Podium 7 Tingkat Yang Terdiri Daripada: 1 Tingkat Bawah Lobi Utama Dan Ruang Perniagaan & 6 Tingkat Tempat Letak Kereta; ii) 1 Blok Pangsapuri Servis (Menara 1) 23 Tingkat (199 Unit) Berserta Dengan Kemudahan Rekreasi; B) i) 1 Blok Pangsapuri Servis 35 Tingkat (372 Unit) Yang Terdiri Daripada: 1 Tingkat Bawah Lobi Utama Dan Ruang Perniagaan, 4 Tingkat Lobi Utama Dan Ruang Servis & Pangsapuri Servis (Menara 2a) 30 Tingkat (364 Unit) Berserta Dengan Kemudahan Rekreasi; ii) 1 Blok Pangsapuri Servis (Menara 2b) 4 Tingkat (8 Unit) Berserta Dengan Kemudahan Rekreasi Di Atas Lot PTD 166961, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim" ("Project").

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B10. Changes in material litigation (contd.)****(b) Encorp Iskandar Development Sdn Bhd and Konsortium Ipmines Merz Sdn Bhd (contd.)**

The arbitration proceeding is commenced against KIMSB to seek, among others, the following relief:

- a) RM11,760,000.00 for liquidated damages;
- b) RM409,031.08 being the payment to third party contractors;
- c) RM13,084,610.00 being cost of rectifying the defective works and completing the outstanding works;
- d) RM112,110,789.00 being the loss of profits;
- e) In the alternative to (a), (b), (c) & (d) above, such other amount as assessed by the Arbitrator;
- f) Financing charges and/or interest charges on the monies spent on third party contractors;
- g) Opening up, review, revision and setting aside the architect's decisions and certifications;
- h) All cost and expenses incurred including solicitors' cost on an indemnity and party to party basis, interest and taxes; and
- i) General damages.

KIMSB has counterclaimed against EIDSB, among others, the sum of RM5,595,430.87 being certified claims, RM85,567.08 for GST and RM5,359,119.37 being the release of the retention sum.

Pending outcome of the Arbitrator's decision, it is too preliminary at this stage to ascertain the potential financial gain or loss that could arise from the arbitration. This arbitration does not have any material financial impact on the Encorp Group for the time being.

None of the directors and/or major shareholders of Encorp and/or persons connected with them has any interest, direct or indirect in the aforesaid arbitration proceeding.

Details of the notice of the arbitration can be found in the announcement dated 6th November 2019.

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023 (contd.)****PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)****B11. Dividends**

The Board of Directors did not recommend any dividend for the quarter ended 30 June 2023.

B12. Profit for the period

	Quarter ended	Period-to-date
	30.06.2023	ended
	RM'000	30.06.2023
		ended
		RM'000
The profit/(loss) is arrived at after charging/(crediting):		
a) Interest income	(1,426)	(2,823)
b) Other income	(435)	(750)
c) Interest expense	14,529	28,894
d) Depreciation and amortisation	585	1,185
e) Employee benefits	3,167	6,563
f) Unrealised (gain)/loss on foreign exchange	(2,275)	(1,605)
g) Operating lease		
- premises	26	35
- equipment	20	39
- others	1	2
	<u>1</u>	<u>2</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED (contd.)**

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA (contd.)**

B13. Earnings/(Loss) per share ("EPS")

a) Basic EPS

	Quarter ended		Period-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to owners of the parent	4,745	(7,192)	457	(4,119)
Weighted average number of ordinary shares in issue	316,299	316,299	316,299	316,299
Basic EPS (sen)	1.50	(2.27)	0.14	(1.30)

b) Diluted EPS

At the date of this report the Company has no other dilutive potential ordinary shares. Accordingly, the diluted EPS for the current financial year is not presented.

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 August 2023.

By Order of the Board
ENCORP BERHAD
Company No. 200001004231 (506836-X)

Lee Lay Hong
Company Secretary

Date: 30 August 2023